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Chairman: Mr. Rosenthal ..... (Guatemala)
later: Mr. Kelapile ..... (Botswana)
Chairman of the Advisory Committee on Administrative and Budgetary Questions: Mr. Mselle

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The meeting was called to order at 10.05 p.m.

Agenda item 115: Financial reports and audited financial statements, and reports of the Board of Auditors (A/55/5 (vols. I, III and IV) and Add.1-12, A/55/80 and Add.1, A/55/364, A/55/380 and Add.1 and A/55/487)

1. **Sir John Bourn** (Chairman of the United Nations Board of Auditors), introducing 16 reports of the Board of Auditors and a summary of its principal findings, conclusions and recommendations, explained that the delay in the issuance of some of the reports had been attributed by the organizations concerned to problems caused by the implementation of the Integrated Management Information System (IMIS). The Board had nevertheless completed its work on 28 July 2000. The format of the reports before the Fifth Committee was in line with previous practice and included a summary of the main findings and recommendations. The Board of Auditors had also considered the action taken to implement its previous recommendations relating to the financial periods ending on 31 December 1997 and on 31 December 1999.

2. The Board had had to qualify its audit opinion on the financial statements of four organizations: the United Nations Development Programme (UNDP), the United Nations Population Fund (UNFPA), the United Nations International Drug Control Programme (UNDCP) and the United Nations University. In the case of the first three, the Board had restricted the scope of its opinion because it had been unable to obtain sufficient evidence, in the form of audit reports from Governments and non-governmental organizations, that funds advanced for national execution projects had been expended for the purposes intended. In the case of UNDP, the Board had also restricted the scope of its audit opinion because of uncertainty over unidentified amounts totalling $11.1 million arising from bank reconciliations. In the case of the United Nations University, its opinion had been qualified because the University had not made a provision against long outstanding unpaid pledged contributions (some $10 million of which had been outstanding for more than five years). It welcomed the recommendation of the Advisory Committee on Administrative and Budgetary Questions (ACABQ) that the General Assembly should defer action on the financial statements of UNDP, UNDCP and UNFPA pending certification by the Board that the matter had been resolved or that satisfactory progress was being made.

3. With regard to the implementation of the Board's previous recommendations, 69 per cent had been fully implemented by the organizations, 25 per cent were in progress and only 6 per cent had not yet been implemented at all.

4. In the United Nations, IMIS Release 3 had not yet been fully developed to enable the consolidated financial statements to be prepared on the basis of a consolidated database or to provide an adequate audit trail. Moreover, in four procurement-related arbitration cases, the United Nations had been judged liable to pay compensation in a total amount of $12.2 million to contractors, mainly owing to deficiencies in the formulation, interpretation and implementation of contracts. Furthermore, in one contract for legal representation by an outside counsel, the level of the fee cap had been increased from $590,000 to $2,460,000 over a period of approximately two years. On the other hand, the Board was generally pleased with the progress made by the secretariat of the International Civil Service Commission in implementing its previous recommendations.

5. In UNDP, apart from the issues which had given rise to the qualified audit opinion, the Board of Auditors had found that problems related to the implementation of IMIS had led to weaknesses in financial control and had seriously delayed the finalization of the Board's report. The same applied to the financial reports of UNFPA, for which UNDP provided accounting and financial services. UNDP had also experienced liquidity problems, its total expenditure from regular resources having exceeded its total income by $188 million.

6. In the United Nations Relief and Works Agency for Palestine Refugees in the Near East (UNRWA), the value of land and buildings had not been capitalized and had therefore not been included in the statement of assets and liabilities and fund balances as at 31 December 1999. The Board had, however, decided not to qualify its audit opinion pending the outcome of the revision of the Financial Regulations of UNRWA.

7. In the Office of the United Nations High Commissioner for Refugees (UNHCR), the decline in voluntary contributions from donor countries posed a liquidity risk.

8. In the United Nations Children's Fund (UNICEF), the financial regulations had been changed to reflect the new definition of programme expenditure approved by the Executive Board in September 1999. The Board of Auditors noted that the Executive Board planned to review the implications of that change. In line with the opinion expressed by the Advisory Committee in its report (A/55/487), the Board of Auditors wished to draw the Executive Board's attention to General Assembly resolution 54/13 B, in which the Assembly had endorsed the Advisory Committee's opinion that cash assistance provided by UNICEF was no different from advances made by UNHCR to its implementing partners.

9. In UNFPA, apart from the issue that had given rise to the qualified audit opinion already referred to, the Board of Auditors had found that the regular resource expenditure ($575.9 million) had exceeded income by some $51 million and that, as a result, the operational reserve had fallen from $63 million to $24 million during the biennium 1998-1999. In addition, the proportion of national execution expenditure covered by audit reports had decreased from 70 per cent in 1996-1997 to 50 per cent in 1998-1999. The Board of Auditors was concerned about the deteriorating financial position of the Fund. It also noted that the Advisory Committee had strongly disagreed with UNFPA concerning its intention to amend the rules governing the audit reports of executing agencies (A/55/487, para. 30) and it agreed with the Advisory Committee that such a step would make the situation worse as larger expenditures could be incurred without supporting audit reports.

10. Apart from the issue that had given rise to the qualified audit opinion, the Board of Auditors had found that UNDCP had neither received nor followed up audit reports covering the $17.9 million expenditure incurred on nationally executed activities during the biennium 1996-1997.

11. The cost of the relocation of the headquarters of the United Nations Office for Project Services (UNOPS) had been considerably higher than had been estimated; the cost had reached $16.8 million in June 2000 compared with the estimate of $7.3 million prepared in June 1998. In addition, delays in the implementation of IMIS had led to weaknesses in internal control and delays in the preparation of the financial statements.

12. The Board of Auditors had wished to highlight those findings because of their implications for the effective management of United Nations programmes in good economic conditions. He noted, however, that the organizations in question had made progress in a number of significant areas. For example, the level of arrears in assessed contributions to the United Nations had decreased from $473 million to $229 million during the biennium. The liquidity position of the United Nations University remained high and its level of reserves had consistently increased over the past two bienniums. At UNICEF, there had been an excess of income over expenditure of $138 million in 1998-1999 compared with a shortfall of $14.6 million in the previous biennium. UNRWA, too, had declared a small surplus in 1998-1999 as against a deficit of $12 million in 1996-1997. UNDCP had also improved its financial position, achieving a net excess of income over expenditure of $5.4 million in 1998-1999 as against a deficit of $1.1 million in the previous biennium. It could therefore be seen that the implementation of the recommendations of the Board of Auditors could lead to substantial improvements in the financial situation of the organizations concerned.

13. **Mr. Mselle** (Chairman of the Advisory Committee on Administrative and Budgetary Questions), introducing the report of the Advisory Committee on the reports of the Board of Auditors (A/55/487), said that the Advisory Committee requested that, in future, arrangements should be made for a member of the Board whose term had expired to be present to assist the Advisory Committee in examining the report that the member had prepared before leaving the Board (para. 4). The Advisory Committee also requested that the question of early publication of the Board's reports should be carefully examined by the Secretariat and the Board to see whether the reports could be ready by the start of the regular session of the General Assembly, as had been the case previously (para. 6).

14. The Advisory Committee was concerned at the recurrent qualification of the Board's audit opinions, normally for the same reasons (A/55/487, paras 10, 11, 25, 29 and 35), and recommended that the General Assembly should defer action on the financial statements of UNDP, UNDCP and UNFPA, pending certification by the Board that the matter had been resolved or that satisfactory progress was being made (para. 10). The Advisory Committee wished to draw

attention to the fact that a qualified audit opinion was a very serious outcome and that the issues that had led to qualification of the financial statements and accounts should be addressed on a priority basis. In the case of the United Nations University, the Advisory Committee was of the view, however, that, regrettable though it was, the situation did not warrant deferral by the General Assembly of approval of the financial statements and accounts (para. 38).

15. The Advisory Committee took issue with the tendency of certain organizations to amend rules in respect of which the Board of Auditors had found compliance to be deficient. That was the case, for example, of UNICEF (paras. 31 to 34) and of UNFPA (para. 30). The Board should follow up on those questions in its next audit.

16. The Advisory Committee had requested the Board to carry out a specific examination of United Nations practices and procedures for handling arbitration/claims and was awaiting the results of an expanded audit of the issue to make further comments. In the meantime, the Advisory Committee stressed (para. 19) the importance of full implementation of the Board's recommendations.

17. The Advisory Committee had reviewed the reports on the implementation of the recommendations of the Board of Auditors (A/55/80 and Add.1 and A/55/380 and Add.1), but the review had been limited by the late submission of some of the documentation. The Advisory Committee noted the progress achieved, but had concluded from its exchange of views with members of the Audit Operations Committee that the process of reporting and review of action taken needed to be carefully monitored to ensure that it was less onerous and more efficient and could lead to timely reporting.

18. **Ms. Cervi** (France), speaking on behalf of the European Union, the associated countries Bulgaria, Cyprus, the Czech Republic, Estonia, Hungary, Latvia, Lithuania, Malta, Poland, Romania, Slovakia and Slovenia, and, in addition, Norway, said that the external audit of the organizations made it possible to ensure that the financial regulations were respected and to remedy management problems that were cited in that connection. The European Union regretted the late issuance, or the absence, of the majority of the reports of the Board of Auditors and reserved the right to revert at a later stage to those which were not yet available.

19. The European Union noted with satisfaction that almost 95 per cent of the recommendations of the Board of Auditors relating to the accounts and financial statements for the biennium 1996-1997 had been fully implemented or were in progress. It had also noted that the organizations audited had in general complied with the accounting standards and that those organizations which had made the necessary effort (UNICEF, UNDCP, UNRWA) had finished the biennium 1998-1999 with an excess of income over expenditure instead of a deficit.

20. There were still, however, a number of problems: the European Union noted with concern that the Board of Auditors had once again qualified its audit opinion on the financial statements of four organizations. That was an unacceptable situation and a matter for concern: without certified audits, UNDP and UNDCP could not justify expenditure in the amount of $723 million and $14.2 million respectively, and UNFPA could not justify directly one half of the expenditure incurred. Member States must be able to ensure that the funds advanced had indeed been expended for the purposes for which they had been intended; that was a fundamental element of trust for the effective mobilization of resources. The European Union believed that the Advisory Committee had been right to recommend that the General Assembly should defer action on the financial statements of UNDP, UNDCP and UNFPA pending certification by the Board of Auditors that the matter had been resolved or that satisfactory progress was being made.

21. The European Union was also concerned about the deterioration in the financial situation of certain United Nations funds and organizations such as UNDP, UNHCR and UNFPA, whose accounts still showed a deficit. It hoped that the organizations would not incur any expenditure without having first actually received the appropriate contributions, and it believed that UNDP and UNDCP should proceed to balance their bank accounts.

22. Like the Advisory Committee, the European Union was concerned about the tendency of certain organizations to change the financial regulations, inter alia by bending the criteria for the audit reports of the executing agencies. It disapproved of the practices instituted or contemplated by certain organizations to

dispense with following up the recommendations of the Board of Auditors.

23. With regard to procurement, the European Union associated itself with the recommendations of the Board of Auditors, which had highlighted a number of problems: lack of procurement plans, few economies of scale, inadequate internal control, excessive delays and failure to use a database of possible suppliers. Sound management was based on respect for the established procurement procedures and the European Union agreed with the Advisory Committee that United Nations organizations should be guided by the best practices in use in the United Nations.

24. With regard to the integrated management information system, it was regrettable that the system was still being used to only a limited extent in the agencies. The European Union supported the recommendations of the Board of Auditors in that respect, particularly with regard to the development, as a matter of priority, of a consolidated database to facilitate the preparation of reliable financial statements, and the provision of detailed information about debtor/creditor identity.

25. With regard to the International Criminal Tribunal for Rwanda, the delays in the submission of financial statements gave cause for concern, and it was to be hoped that the deadlines would be met in the future. The European Union believed that it would be advantageous for identical methodology to be used in future for the reports of the auditors on the two international criminal tribunals.

26. Lastly, with regard to programme implementation, the European Union believed that delays which occurred at the beginning or at the end of projects, which could amount to four years in some cases, would probably disappear if all United Nations bodies used reliable qualitative and quantitative performance indicators, as recommended by the Board of Auditors.

27. **Mr. Orr** (Canada) asked when the Committee would receive the Secretary-General's response to the findings and recommendations of the Board of Auditors, and why there had been a delay in the availability of documents.

28. **Mr. Halbwachs** (Controller) said that, as was customary, the Secretariat had not made a statement after the introduction of the reports of the Board of Auditors and the comments of the Advisory Committee, but would provide any explanations that were requested in the course of the consideration of financial statements. He would ask the Department of General Assembly Affairs and Conference Services why there had been a delay in the issuance of financial statements, and would transmit the response via the Secretary of the Committee.

Agenda item 116: Review of the efficiency of the administrative and financial functioning of the United Nations (*continued*) (A/54/793, A/55/499)

Agenda item 123: Human resources management (*continued*) (A/53/955, A/54/257, A/54/279 and Corr.1, A/54/450, A/C.5/54/2, A/C.5/54/21, A/C.5/54/L.3, A/55/168, A/55/253 and Corr.1, A/55/270, A/55/399 and Corr.1, A/55/427, A/55/499, A/C.5/55/L.3, A/C.5/55/CRP.1 and 2)

29. **Ms. Marston** (Jamaica) said that on the issue of human resources management, the overriding concern must be the best interests of the staff. With regard to recruitment, placement and promotion, her delegation was concerned that a goal of 120 days for the filling of posts was considered a desirable objective; moreover, it believed that the upward mobility of staff should be given the same attention as other forms of mobility.

30. Jamaica remained committed to the principle of equitable geographical representation, and supported the holding of national competitive examinations to remedy the situation of unrepresented or under-represented States. With regard to the competitive examinations for promotion to the Professional category, which were the only means of career advancement for staff in the General Service category, it was regrettable that only 23 posts had been designated to be filled in 2000, and that there had been restrictions on candidacies. With regard to the dual-track system, Jamaica was concerned about the possible implications for equality of treatment of staff of having permanent and continuing contracts. While taking note of the progress made with regard to the status of women in the Secretariat, her delegation reaffirmed the importance it attached to the goal of gender parity.

31. **Ms. Salim** (Assistant Secretary-General for Human Resources Management) said that extensive consultations had been held with staff at Headquarters, in other duty stations, and on peacekeeping missions;

the proposals in the report of the Secretary-General (A/55/253) had therefore been formulated on the basis of true participation, and the views of the staff had been taken into account. She noted that better contractual terms would give staff on dangerous or hardship missions greater mobility and a chance to compete fairly with staff at Headquarters. Staff mobility must be encouraged as a matter of priority if the Organization wished to fulfil the mandates entrusted to it and attract and retain staff of the highest calibre.

32. On the issue of equitable geographical representation, she said that the number of unrepresented Member States had fallen from 25 to 21 since June 2000, during which period four new States had joined the Organization, and the number of under-represented States had decreased from 20 to 8. In demonstration of the Secretary-General's commitment to equitable geographical representation, that principle had been made an important component of the performance management plan for each programme manager, department head and office head and, as of 2001, each department would report progress made in that sphere. The Secretary-General had not made a specific recommendation concerning contractual mechanisms because, before deciding on the direction which should be taken on that important issue, he wished to hold further discussions with the staff and with all Member States.

33. With regard to accountability, particularly at the level of management, she said that the appropriate mechanisms had been envisaged in each of the building blocks of human resources management reform. Since accountability did not apply only to human resources management but also to programme delivery and to budget and finance, accountability would ultimately be ensured through the performance management plan of each head and an annual report card on performance. In addition, the accountability panel would provide an internal review of the follow-up by the Organization to the various oversight reports and ensure that specific recommendations were made to the Secretary-General as required, concerning systemic accountability issues. Those accountability tools, which were concrete and specific, would supplement the disciplinary procedures already in existence.

34. With regard to the competitive examination for promotion to the Professional category, she said that after the adoption of General Assembly resolution 53/221, subsequent to the 1999 examination, the Secretary-General had drawn the attention of Member States to the implications of the provisions of the resolution relating to geographical representation on the selection of candidates for that examination. In July 1999, in the absence of a decision by the General Assembly on that issue, and after consulting the Legal Counsel, it had been deemed necessary to put on hold the results of the examination, including the marking of examination papers of candidates from over-represented countries. Since the General Assembly had taken no decision at its fifty-fourth session, she had taken the initiative, after consulting the Legal Counsel, to proceed with the marking of all the examination papers and to inform the staff that there would be no examination in 2001 or until such time as the General Assembly had taken a final decision on the matter.

35. With regard to the administration of justice, the Organization already had a comprehensive system of justice, although it could always be improved. Taking into account the views of the General Assembly and of staff representatives, the Secretary-General was proposing progressive measures, namely the creation of a position of ombudsman which would facilitate the mediation of complaints prior to formal litigation, the strengthening of the administrative law unit and the provision of legal backstopping to the panel of counsel. A working group consisting of staff from Headquarters, the regional commissions and the field would meet beginning on 27 November 2000 to review the entire system of justice.

36. On the question of whether it was appropriate for the Organization to adopt the practices of enterprises in the private sector, she said that in an era of globalization, the distinction between the private sector and public service institutions was becoming blurred. While it wished to attract and retain the best and the brightest, as required by the Charter, the Organization was competing with the private sector, and must adapt its management policies accordingly.

37. **Mr. Bouayad-Agha** (Joint Inspection Unit) expressed surprise that Ms. Salim had made no mention of the report of the Joint Inspection Unit (JIU) (A/55/57), particularly since the Administration had endorsed some of the recommendations of JIU. More specifically, a proposal should have been made as a follow-up to recommendation III (A) of the Joint Inspection Unit, which might have significant financial implications for the Organization. Far from weakening

the authority of the Secretary-General, granting the judges of the United Nations Administrative Tribunal the authority to order the implementation of a decision or the payment of compensation that was not subject to the current limit of two years salary would demonstrate the independence of the judges and benefit the Organization. The Administration should also take the necessary measures for the Organization to be reimbursed for the financial losses it suffered as a result of violations by staff of the Staff Regulations and Rules.

38. **Mr. Fedorov** (Russian Federation) said that he wished to vigorously protest what he considered to be two violations by the Secretariat of the provisions of General Assembly resolution 53/221. Firstly, certain candidates in the competitive examination for promotion to the Professional category, which had been held in February 1999, had been informed that the examinations would not be marked. However, some of the examinations had indeed been marked and candidates had passed and had been promoted. Secondly, the Assistant Secretary-General for Human Resources Management had stated that there would be no competitive examination in 2001, which implied that a competitive examination had been held in 2000. Moreover, no mention had been made of the review of the report of the Joint Inspection Unit on senior-level appointments in the United Nations and its programmes and funds.

39. **Mr. Nakkari** (Syrian Arab Republic) noted that the Secretariat's proposals had not taken into account the reservations that had been expressed by the staff about the dual-track system or the concepts of temporary and permanent contracts, which had an important place in resolution 53/221. The system in place had been purely and simply set aside and it was proposed to replace it by contracts of indefinite duration, which the Administration could terminate at any time. On the question of geographic representation, his delegation wished to propose once again the solution of national competitive examinations for unrepresented or under-represented Member States.

40. Resolution 53/221 distinguished between three important and interdependent concepts, namely, delegation of authority, accountability and the administration of justice. However, the accountability mechanism that had been proposed suffered from a flagrant defect: it provided that staff should be accountable to senior officials but not the reverse. With regard to the administration of justice, he supported the statement made by Mr. Bouayad-Agha.

41. His delegation wished to recall that, because of a lack of time, the General Assembly had been unable to pronounce on the question of the competitive examination for promotion to the Professional category and that paragraph 22 of section V of resolution 53/221 was the result of that exceptional situation. The Secretariat had apparently taken a decision after consulting with the Office of Legal Affairs, but the body that was competent to take a decision was the General Assembly. In the view of his delegation, that decision, which had been taken with full knowledge of the exceptional nature of the provisions of the paragraph in question, suggested a deliberate intention to contravene the provisions of the resolution. Lastly, he wished to recall that the noble purposes of the United Nations were fundamentally different from those of a private enterprise and that, since it asked its Members to do likewise, the Organization should itself respect the rules established by the International Labour Organization.

42. **Mr. Elgammal** (Egypt) said that his delegation had been very surprised to learn that General Service staff had been authorized to take the competitive examination for promotion to the Professional category, in contravention of the principle of equitable geographic distribution and in violation of General Assembly resolution 53/221. His delegation, which had already made its position on the subject very clear during the previous session of the Assembly, had understood that until such time as a new decision was taken by the Assembly on the interpretation to be given to the resolution, no appointment would be made on the basis of the competitive examination. His delegation had also been surprised to learn that, following consultations with the Office of Legal Affairs, the Assistant Secretary-General had taken the decision to disregard the Assembly's guidelines concerning equitable geographic distribution. It should be recalled that the Assembly was the only organ competent to rule on the interpretation to be given to one of its decisions, and Egypt hoped that in future the Secretariat would fully implement the decisions of the Assembly.

43. **Mr. Jara** (Chile) said that the reply given by the Assistant Secretary-General required some clarifications. Indeed, he failed to understand why the Administration, after having followed the advice of the Office of Legal Affairs on the interpretation to be given

to paragraph 22 of resolution 53/221, had considered that it had the authority to proceed normally with the organization in 1999 of the competitive examination for promotion to the Professional category but had decided not to hold an examination in 2001, unless the General Assembly had ruled on the matter by then. Those two interpretations, in his view, suggested a certain inconsistency.

44. **Ms. Silot Bravo** (Cuba) said that her delegation supported in principle all proposals aimed at improving the conditions of service of staff and at enhancing the effectiveness of their work, provided that the decisions of the deliberative bodies were respected and that the fundamental characteristics of the Organization, namely, its intergovernmental character and universal vocation, were not overlooked.

45. Her delegation believed that, as a matter of principle, mobility should be encouraged, because it was one of the elements of good management of human resources. It should not, however, be made into a precondition for promotion. Moreover, a distinction should be drawn between mobility between departments and mobility between duty stations. Indeed, given the conditions of work in certain duty stations, the obligation to be mobile, far from being an incentive, could constitute an obstacle in a staff member's career.

46. On the subject of contractual arrangements, her delegation was of the view that hasty changes should be avoided and meaningful exchanges of views encouraged instead between all the parties concerned — Administration, staff and Member States. The Secretariat's proposal should also be reconsidered in the light of the particular characteristics of the Organization. In that connection, she wished to commend the Secretariat for not seeking to impose the changes that it was proposing before any such exchanges of views had taken place.

47. With regard to the internal administration of justice system, her delegation had misgivings about a body that would be both judge and party. While commending the Secretariat for recognizing the need to reform the system, she wished to stress nevertheless that the views of the different parties involved should be taken into account. The existing mediation mechanisms, which were relatively few, had only an advisory function and were not independent. In that regard, the report of the Joint Inspection Unit should serve as a good basis for discussions.

48. Her delegation noted with satisfaction that progress had been made with regard to geographic distribution, but was of the view that the issue should be looked at in the broader context of human resources management reform. In particular, the question should be asked whether the broad powers which it was proposed to give to programme managers under the system of results-based budgeting would not change the very nature of the Organization and violate the principle of equitable geographic distribution.

49. While her delegation did not have a final position on the subject of the competitive examination for promotion to the Professional category, it wished to recall nevertheless that General Assembly resolution 53/221 was still in force and that the Secretariat was obliged to comply with its provisions until such time as the Assembly took a decision on how it should be interpreted.

50. **Mr. Fedorov** (Russian Federation) said, with reference to the competitive examination for promotion to the Professional category, that General Assembly resolution 53/221 was still in force and that a decision of the Office of Legal Affairs could not contravene a resolution of the Assembly. He would be grateful if the Secretariat could indicate the exact number of candidates who had passed the competitive examination since July 1999, broken down by country, and he wished to reiterate the Russian Federation's request to void the results of the competitive examinations that had been held since the adoption of resolution 53/221.

51. **Mr. Bouheddou** (Algeria) asked the representative of the Joint Inspection Unit to what extent the ombudsman function, the creation of which had been proposed in the Unit's report on the administration of justice at the United Nations (A/55/57, recommendation 2), would improve the settlement of labour disputes between the staff and the Administration and would reduce the costs of lengthy proceedings before the internal judicial bodies. His delegation would also like to hear the Secretariat's views on the subject.

52. **Mr. Alatrash** (Libyan Arab Jamahiriya) recalled that, in the consultations held on the Secretary-General's proposals between the Administration and the staff, the latter had expressed concern about some

of the proposals and had formulated some criticisms. However, nothing in the Assistant Secretary-General's reply had indicated that the Administration had taken the staff's views into account or that it was willing to address those concerns. Thus, it was not surprising that staff morale was low.

53. His delegation did not share the Administration's opinion that the Organization should apply methods used in the private sector. The basic principles governing the organization's functioning should not be changed. There were many non-profit organizations, such as universities and charities, which could serve as models for the United Nations. His delegation had already asked for information on the cost of implementing the proposals and on the potential savings that could result from them. His delegation was concerned to note that the Secretary-General, in his capacity as head of the Secretariat, had already begun to implement those proposals, some of which were based on the principles of results-based budgeting, which the General Assembly had not yet approved. It would be preferable for the Secretariat to carry out a pilot project and assess the results thereof before directly implementing a project that could prove to be detrimental to the United Nations.

Mr. Kelapile (Botswana), Vice-Chairman, took the Chair.

54. **Ms. Salim** (Assistant Secretary-General for Human Resources Management) said that she had taken due note of the interpretation given by the representative of Chile and then by the representatives of the Russian Federation, the Syrian Arab Republic, Egypt and Cuba regarding the competitive examination for promotion to the Professional category. That variety of interpretations explained why she had felt the need to consult the Office of Legal Affairs, as she had already informed the Committee. It should be specified that only 16 staff members had passed the February 1999 examination, which had been held before the adoption of General Assembly resolution 53/221. The staff members concerned were nationals of Ethiopia, France, Guyana, India, Kenya, Pakistan, the Philippines, Uganda, the United Kingdom and the United States of America.

55. The Secretary-General took the recommendations of the Joint Inspection Unit very seriously. That was why he had decided to establish a working group to make proposals on the basis of those recommendations. The reform of human resources management had no profit motive; it was intended only to enhance the accountability of members of the Administration and the staff so that they would become more effective and better serve the Organization.

56. **Mr. Bouayad-Agha** (Joint Inspection Unit) said, in reply to the Algerian delegation, that the creation of an ombudsman function had been recommended after numerous consultations with the Administration and that the Advisory Committee had endorsed the proposal. The measure was intended to strengthen informal consultations, along the lines of what was being done in organizations such as the World Bank, the United Nations Children's Fund (UNICEF) and the United Nations Development Programme (UNDP), and to give priority to negotiation. That was the role to be assigned to the ombudsman, who would be independent of the Administration and would be appointed by the Secretary-General.

57. **Mr. Nakkari** (Syrian Arab Republic) said that his delegation supported the Administration's efforts to reform its human resources management. However, in so doing, it must adhere to the principles set forth in General Assembly resolution 53/221. Since the Organization's workforce was irreplaceable and no programme could be carried out without it, the Syrian delegation attached great importance to the staff's well-being.

58. The observations contained in the Syrian delegation's preceding statement had been made in the light of the information provided by the Assistant Secretary-General in her first statement, particularly with respect to the application of private-sector methods to the Organization, the system of administration of justice and the competitive examination for promotion to the Professional category. His delegation would like the Secretariat to provide a written response to those observations and to the requests made by other delegations, indicating, inter alia, the dates of the examinations, the nationalities of the successful candidates and the substance of the opinions of the Office of Legal Affairs on the subject. In addition, his delegation continued to ponder an important question it had posed earlier: why delegations had not yet received any document communicating the views of the staff. His delegation hoped to receive a prompt explanation in that regard, as well as a reply to its other question concerning the

accountability of programme managers, which had not yet been answered.

59. **Mr. Abdalla** (Libyan Arab Jamahiriya) said he regretted that the Assistant Secretary-General had not addressed the concerns and questions raised by delegations. While the Member States had the task of scrutinizing the work of the Organization and formulating observations, the Secretariat was responsible for answering questions, even if they were not always to its liking. If Member States were treated in that manner, it might well be wondered how the staff were treated, and he feared that the views expressed by the staff fell on deaf ears.

60. The questions raised were serious and the Secretariat's proposals were far from achieving consensus. The Libyan delegation was surprised that the United Nations showed so much interest in the private sector and that it did not show more interest in the developments taking place in organizations with regulations similar to its own. That was the case, in particular, of the ombudsman function. The Libyan Arab Jamahiriya was in favour of the creation of such a function, provided that it was exercised by a very high-level and genuinely independent person who would listen to the staff and would not merely rubber-stamp the Administration's decisions.

61. Although the United Nations was supposed to recruit the most competent individuals, it could no longer attract and retain the best candidates, and many staff members sought to leave the Organization. It was therefore legitimate to wonder what had changed or was currently changing in the relations between the staff and the Administration. Efforts were being made to convince the Member States that all that was needed was reform of the appointment and promotion bodies. However, he did not see the advantage of making changes in bodies which had proved their worth, protected the staff, guaranteed respect for rules and procedures and enabled Member States to monitor the Administration's functioning. His delegation feared that that was another attempt to introduce a mechanism that would merely approve and validate the decisions taken and the procedures instituted by the Administration.

62. With respect to results-based budgeting, it was important to distinguish between the measurement of processes, which gave indicators of efficiency, and the measurement of results, which gave indicators of the effectiveness of activities. For example, in the case of the Resource Mobilization Unit, the number of contacts with potential donors was a measurement of processes, while the amount of contributions paid was a measurement of results. He wondered, however, whether it was possible to institute such a system throughout the Organization. The report of the Committee for Programme and Coordination showed that objectives were often poorly formulated and programmes were often ill-defined. Thus far, his delegation's requests for clarification in that regard had been ignored. To measure results, it was necessary to establish appropriate indicators. Most of the Organization's programmes were social programmes for which indicators were vague, difficult to devise and dependent not only on the activities carried out under the programmes, but also on external factors. His delegation looked forward to receiving clarification on all those issues.

63. **Ms. Salim** (Assistant Secretary-General for Human Resources Management) said that she could answer only questions pertaining to matters for which she was responsible, but that she would make enquiries with a view to answering as many questions as possible. What she had meant, in her earlier statement, had been that it was the private sector which had drawn on the experience of the World Bank, not the reverse; that showed that exchanges could take place in both directions. As for the remaining questions, she would try to provide answers in the informal consultations.

64. **Mr. Abdalla** (Libyan Arab Jamahiriya) said that, in his view, there was no reason why the debate on those issues should not take place in a formal meeting and thus be placed on record.

Agenda item 118: Programme planning (*continued*) (A/55/6 (Introduction and programmes 1 to 25), A/55/16, A/55/63, A/55/73 and A/55/85; A/C.5/55/14, A/C.5/55/17, A/C.5/55/18, A/C.5/55/19 and A/C.5/55/20)

65. **Mr. Udegbunam** (Nigeria), speaking on behalf of the Group of 77 and China, noted that, in the past two years, the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation had been revised to include the main elements associated with the adoption of a results-based budgeting system. In order to facilitate consideration of those elements in a transparent and

coherent manner, the Secretary-General should submit a summary of them, which the General Assembly could study when it considered the issue of results-based budgeting.

66. His delegation noted with regret that the Secretary-General, in promulgating the revised text of the Regulations and Rules Governing Programme Planning, had not taken into account some of the decisions taken by the Assembly in its resolutions 53/207 and 54/236. That was a violation of the decisions of the legislative bodies and a corrigendum was called for.

67. Furthermore, while the format of the medium-term plan for the period 2002-2005 had been changed to make it more coherent and to reflect some of the new elements included in the Regulations and Rules or related to results-based budgeting, other such elements had been ignored. The issue must be given further consideration by the Assembly based on information and clarifications that should be provided to it on the following points: the relationship in the new format between the objectives and mandated activities; the inclusion of some mandated activities in the objectives, expected accomplishments and indicators of achievement of several programmes; the failure to analyse the influence of external factors on certain programmes, particularly those of a political nature; and the lack of information on the impact of the change in the format of the medium-term plan on the other aspects of budgeting and on evaluation and monitoring.

68. It was of the utmost importance that priorities should be clearly established in the medium-term plan, which would serve as a guide for the allocation of resources in subsequent programme budgets, in accordance with the mechanisms provided by the General Assembly in resolution 41/213. Also, with regard to the objectives, expected accomplishments and indicators of achievement identified for each programme, he wished to emphasize the importance of an earlier decision of the Assembly and of a recommendation made during the current year by the Committee for Programme and Coordination (CPC) to the effect that the concepts expected accomplishments, outputs, objectives and activities were not exclusively or necessarily related to results-based budgeting; that principle had been proposed by the Secretary-General, but had yet to be approved by the General Assembly. Moreover, the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation stipulated that indicators of achievement should be included in the medium-term plan only where it was possible to do so.

69. The report of the Secretary-General on the impact of the format of the medium-term plan on the programme planning, budgeting, monitoring and evaluation cycle (A/C.5/55/14) was insufficient, particularly in explaining how the results of the implementation of the new method would be used for programme evaluation and allocation of resources. The Secretary-General should submit a new report on the issue, so that the Assembly could consider it at the current session at the same time as the issues of programme planning and results-based budgeting.

70. The full implementation of all mandated programmes and activities was of paramount importance. The whole process of programme planning must therefore be efficient; that presupposed the implementation in all parts of the Organization of the Regulations and Rules Governing Programme Planning, the Programme Aspects of the Budget, the Monitoring of Implementation and the Methods of Evaluation.

71. The Group of 77 and China welcomed the comments of CPC on the medium-term plan (A/55/16). Although they were ready to approve its recommendations, they considered that there was a need to review programme 19 in the hope that a consensus would be reached that would allow the Secretary-General to implement the new medium-term plan at the beginning of 2002. They wished to stress the importance of having an agreed set of recommendations on programme 19. The Third Committee could be requested to work on the problem and to submit a recommendation on the issue. In the absence of a consensus, there might be no option other than to re-adopt programme 19 as set out in the previous medium-term plan.

72. In the introduction to the medium-term plan, globalization was categorized as the phenomenon presenting the single most important set of challenges facing the Organization. That was true, but the medium-term plan did not offer any convincing solutions to those challenges. It was vital that such solutions should be based on the principles of fairness, democracy and diversification.

73. **Ms. Silot Bravo** (Cuba) endorsed the statement made on behalf of the Group of 77 and China. She said that she would like to know why the list of documents in the programme of work did not include some of the reports that were to be considered. The Fifth Committee, like CPC, must have all the documents available to it.

74. The issue of programme planning was of particular importance in a year in which the Committee was considering the proposed medium-term plan for the period 2002-2005 and a series of documents containing proposals with implications for all aspects of programme planning, monitoring and evaluation. The new format of the medium-term plan was far more condensed than the previous one and contained no reference to some objectives and mandates, nor to certain activities that were usually undertaken in the context of various programmes. The new elements relating to results-based budgeting had the potential to make the information provided clearer, but, in many cases, they were presented in such a way that they did not seem relevant, because they had no discernible relationship with the mandated objectives and activities. During the debate on the various programmes at the fortieth session of CPC, it had become clear that some programme managers did not fully understand the value of those elements in the context of the programmes under their responsibility. Her delegation had observed that the identification of expected accomplishments and indicators of achievement could create important differences among programmes in the context of the budgeting and evaluation process. As a result, some programmes would be in a better position to show achievements, for example, those of a political nature, since their implementation depended to a large extent on the will of Member States. Her delegation therefore considered that the elements in question should be handled with a certain flexibility, whether in the context of the medium-term plan or in that of the budget, so as to avoid creating artificial inequalities between the programmes.

75. There was also a need to analyse the impact of the proposed changes to the medium-term plan on the other phases of the evaluation, monitoring and budgeting cycle, and, in particular, how the results of the implementation of those elements would be used in evaluating the delivery of a programme and in allocating budgetary resources to that programme. While that might appear self-evident to some countries that were in favour of the proposed changes, one might wonder why it had not been fully explained to all Member States. The report on the issue submitted to CPC (A/C.5/55/14) was therefore disappointing, because it did not address those concerns. It was to be hoped that, at the current session, the Assembly would be given fuller information that would enable it to get a clearer picture of the consequences of the proposals under consideration.

76. With regard to the content of the various programmes, her delegation wished to warn, as it had done before, against the tendency that had already been observed to sometimes present during the programming phase proposals involving activities for which no provision had been made or controversial items that could change the substance of certain programmes. That was true of some of the proposals in programmes relating to disarmament, economic and social affairs, humanitarian affairs and human rights, to name only a few. Her delegation wished to restate its view that the Secretariat must conform to the guidelines set out in the medium-term plan by refraining from making such proposals, which were for the competent organs to make. In that regard, the work done by the Committee for Programme and Coordination (CPC) could usefully serve to remedy the situation. The programme on human rights provided a good illustration of the problems, which had prevented CPC from formulating recommendations on which the Assembly could base its work. Her delegation hoped that all interested parties would display the goodwill that would permit the Assembly to reach a decision to rectify those anomalies.

77. Her delegation had actively participated in the work on the Regulations and Rules Governing Programme Planning and the Programme Aspects of the Budget, which had resulted in the adoption of Assembly resolutions 53/207 and 54/236. It noted that, despite the efforts made by many delegations, the Secretariat had promulgated the Regulations and Rules by modifying the provisions of the above-mentioned resolutions. That was extremely regrettable, given the distinctions that had been clearly established, including in the Charter, between the role of the Secretariat and the role of Member States. The Secretariat should issue a corrigendum to reinstate the provisions in the form in which they had been adopted by the General Assembly.

78. Generally speaking, it had been noted in recent years that the Secretariat had a tendency to present some of the main elements of results-based budgeting during the introduction of reports on programme planning, which seemed to be a fastidious approach to an issue on which the General Assembly had not yet pronounced. Cuba had no objections to new proposals being advanced, especially if they were aimed at improving the implementation of programmes. It was absolutely essential, however, for such proposals to be reviewed in a transparent manner and for all the proposals contained in the various documents to be readily available when considering the issue of results-based budgeting so that they could be reviewed in an appropriate, complete and well-informed manner.

79. Her delegation considered that the recommendations of CPC could serve as a good basis for future negotiations and reserved the right to take the floor again on the other reports on programme planning to be taken up by the Committee.

80. **Mr. Moniaga** (Indonesia) said that his delegation associated itself with the statement that had been made on behalf of the Group of 77 and China. The utmost emphasis must be placed on effective planning and on an integrated approach that permitted maximum advantage to be taken of the contributions of the General Assembly, the Economic and Social Council and the Secretariat. The medium-term plan should be designed with that aim in mind.

81. There was a strong need to reflect gender sensitivity when designing and implementing programmes and projects, which should at the same time be geared towards strengthening the role of the United Nations in cooperation for development.

82. While noting the efforts of the Secretariat in preparing the format of the proposed medium-term plan so that it would be more in line with the Regulations, his delegation found that a number of expected accomplishments and indicators of achievement needed to be further improved. That would reflect in a more concrete and explicit manner the relationship between those elements on the one hand and the objectives of the programmes and direction of related activities on the other.

83. The priorities proposed by the Secretary-General for the period 2002-2005 were acceptable to his delegation. In that connection, he wished to stress the need for priority-setting within the medium-term plan, which translated mandates into programmes and served as the Organization's principal policy guideline. The priorities also guided the allocation of resources in the programme budget through the various mechanisms provided for in resolution 41/213.

84. While recognizing the growing demands of peacekeeping activities, his delegation believed that the Organization should maintain a greater balance in the attention it gave to development activities, which were of equal importance to humanity. The follow-up to the High-level International Intergovernmental Event on Financing for Development, which was to be held in 2001, could provide the necessary impetus for better handling of globalization and related development issues in the years to come. It was also of the utmost importance that the regional commissions, the United Nations Conference on Trade and Development (UNCTAD) and the Department of Economic and Social Affairs should make concerted efforts to assist in integrating the developing countries and countries with economies in transition into the world economy. In that connection, his delegation fully supported the need for the Organization to continue its efforts to strengthen coordination with other relevant international organizations.

85. **Mr. Paredes** (Colombia), speaking on behalf of the Rio Group, said that the Rio Group attached great importance to programme planning and to the activities of the Organization. The medium-term plan was the guiding framework for the activities of the Organization and served as the basis for the elaboration of its biennial budgets. The Rio Group noted with satisfaction that CPC had presented consensus recommendations on the plan proposed by the Secretary-General and was in favour of adopting the report with additional contributions from the other Main Committees.

86. The only programme on which CPC had been unable to arrive at a consensus was programme 19, Human rights. The Third Committee should consider that programme and make recommendations, failing which the Rio Group would be prepared to consider the possibility of taking up those recommendations that had been made for the current medium-term plan.

87. The Rio Group wished to record its satisfaction at the presentation of the medium-term plan, which was in conformity with the statutory provisions on the matter and it welcomed the fact that the plan listed the

expected accomplishments and the indicators of results for the subprogrammes.

88. **Mr. Getachew** (Ethiopia) said that his delegation attached particular importance to the medium-term plan for the period 2002-2005. It subscribed to the statement made by the representative of the Group of 77 and China, but wished to add an observation on programme 9, Trade and development. His delegation supported the recommendation contained in paragraph 121 of the report of the Committee for Programme and Coordination (A/55/16), particularly the inclusion of a paragraph about the central role of UNCTAD in activities that concerned the least developed countries, small island developing States and landlocked developing countries. In that regard, it should be noted that the Office of the Special Coordinator of UNCTAD for the Least Developed Countries suffered from a chronic shortage of human and financial resources and should therefore be given increased resources to enable it to live up to its responsibility for implementation of that programme of the medium-term plan.

89. **Mr. Lozinski** (Russian Federation) said that the medium-term plan was the main strategy document of the Organization and an effort should be made to make it an even more useful and flexible tool. The planning system should operate smoothly so that the plan could be the main document guiding the work of the Organization and usefully serve as a basis for the preparation of the programme budget. That was the condition on which States Members and the Secretariat could enhance the effectiveness of United Nations activities.

90. Like many other delegations, the Russian delegation believed that programme planning needed to be improved. The link between the medium-term plan and the budget was a weak one. His delegation therefore welcomed the new format of the medium-term plan and noted with satisfaction the closer link between the programmes and organizational structures of the Secretariat, which generally promoted greater accountability on the part of managers. The structure of the subprogrammes as well as the objectives, strategy and expected accomplishments were all clearer, which should make it easier to evaluate the quality of programmes. On the other hand, the medium-term plan should not be an obstacle to the launching of new activities or to the elimination of programmes or structures that had lost their justification, and should be instead a flexible management tool.

91. The observations and recommendations of CPC were balanced and impartial and should be approved as a general document on which to base the strategy of the Organization for the period 2002-2005.

The meeting rose at 1.15 p.m.a